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ABSTRACT
                Most governmental or organizational efforts to
influence the retirement decision have used financial incentives. The
extent to which job attitudes are predictive of early retirement
decisions beyond the predictions by income, health and demographic
characteristics is an important consideration. Michigan Civil Service
employees (N=379) who were eligible to retire responded to
questionnaires of financial, demographic, health and job perception
measures. A year later, a second questionnaire identified those who
had retired and those who continued to work. Demographically,
retirees tended to be female, non-white, have less education, and
come from smaller communities than non-retirees. Retirees reported
more illnesses, had lower salaries and fewer dependents than
non-retirees. Although retirees viewed their retirement income as
adequate and their jobs as less challenging, job attitudes did not
add significantly to retirement prediction. Financial variables are
most important in the retirement decision, therefore financial
incentives should be relatively effective in influencing such
decisions. (NRB)

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The Relationship Between Job Attitudes

and the Decision to Retire

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Running head: Job Attitudes and Retirement

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Traditionally, retirement has been an automatic process whereby the organization terminated the employment of a worker when she/he reached the age of 65. Employees who decided to retire before the age of 65 often did so because of illness and were penalized through actuarial reductions in their pension benefits. However, recent government actions and company policy changes have provided employees with greater flexibility in deciding when to retire. The Age Discrimination in Employment Act Amendments of 1978 eliminated mandatory retirement for most Federal workers and prohibited mandatory retirement for most public and private workers before the age of 70. Pension contracts negotiated by some of the large unions, the so called "30 and out" plans, allow eligible employees to retire before the age of 65 with full retirement benefits. These developments have increased the importance of the decision to retire yet there has been little actual research concerning the factors influencing this decision. Reported in the present paper are data concerning differences in income, health, demographic considerations and job perceptions of early retirees and a group who decided to remain on the job even though early retirement was possible with full pension benefits.

In their review of the retirement literature, Walker and Price (1976) found that a number of factors affected the decision to retire. Research findings indicated that the following factors were involved to some extent in raising the retirement age of workers: (1) economic necessity, (2) fear of inflation, (3) work ethic, (4) job satisfaction, (5) fear of death and the belief that retirement signals death, and (6) perception that retirement reduces overall life satisfaction. Those variables believed to lower the retirement age were: (1) poor

health, (2) adequate pension benefits, (3) job dissatisfaction, (4) the individual's perception of being unable to keep up with the demands of work or the changes in work technology.

In a study similar to ours, Barfield and Morgan (1969) studied the factors related to the decision to retire early among a group of auto workers and a national sample. The results of their study indicated that financial factors, primarily expected retirement income, number of dependents, and house equity were the most important factors influencing retirement plans in both samples. The individual's subjective evaluation of health correlated highly with early retirement while other situational and attitudinal variables were of less importance in the decision to retire. In a follow up study of automobile workers Barfield (1970) found that workers who had stated that they expected to retire before, age 65 in their earlier study had actually retired. The best single predictor, ratio of pre-retirement to post-retirement income, accounted for 37% of the total variance in "propensity to retire." Other factors including: relatively poor health, the expectation of adequate retirement income and job dissatisfaction were associated with early retirement plans of those workers still on the job. Barfield and Morgan's results were further corroborated by a similar cross-sectional study by Schmitt, Coyle, Rauschenberger, and White (1979).

The present study was designed to further our understanding of the retirement decision. Specifically, a longitudinal design was used to evaluate the extent to which job attitudes and perceptions are predictive of the early retirement decision over and above the prediction afforded by income, health and demographic characteristics. This is important as a practical policy level if one is interested in influencing the retirement decision with financial incentives.

Most governmental or organizational efforts to influence the retirement decision
have used financial incentives. It is possible that people will want to continue
to work in spite of the financial attractions of a retirement package simply
because they enjoy the work.

Method

Sample.

The names and addresses of 1000 Michigan Civil Service employees were
randomly selected from state Civil Service records with the stipulation that
they be at least 55 years old with at least 30 years of service. Hence, all
potential respondents were eligible to retire by state law. Of these 1000, 51%
or 513 returned the first questionnaires, and 379 or 74% completed the follow up
survey. The average Civil Service level of the respondents was equivalent to
a low level professional but the entire range of job levels was represented in
the sample.

Questionnaire packages were mailed to all respondents with a cover letter
explaining the purpose of the study. A second wave of questionnaires was mailed
one year later to those who completed and returned the first questionnaire. In
the second questionnaire, respondents were asked to indicate their retirement/
employment status. All participants were paid three dollars for completing and
returning each questionnaire.

Measures.

Demographic Variables, Health, Financial. Race, sex, marital status (married
versus non-married), education, size of the community in which they lived, and
the length of time lived in that community comprised the demographic variables.
Financial variables that might affect the decision to retire were measured including
the number of dependents the respondent had, whether or not the respondent's

spouse worked, the respondent's current hourly wage and the respondent's perception of the adequacy of his/her pension plan. Health was assessed by three items: a rating of their general health ranging from "excellent" to "poor", the number of times they visited a physician in the last year, and the number of times they were forced to change plans or miss work for health problems in the last year.

Job Attitude Variables. The Job Diagnostic Survey (Hackman and Oldham, 1975), which consists of 21 items measuring perceptions of Autonomy, Skill Variety, Dealing with Others, Feedback from the Job, Feedback from Others, Task Identity, and Task Significance, was used to measure how the respondents viewed their current job. Scores on all of these scales except Feedback from Others and Dealing with Others were added to form a single score because of high intercorrelations among the scales and because of previous research which suggests that these scales do not represent independent dimensions (Dunham, Aldag, & Brief, 1977). The short form of the Minnesota Satisfaction Questionnaire (Weiss, Dawis, England & Lofquist, 1967) was used to assess job satisfaction. Job involvement was indexed by a four-item instrument previously used by Rabinowitz, Hall and Goodale (1977). A one-item measure of Desire to Work was used to assess the respondents' desire to continue working at a job they liked.

Data Analysis.

Reliability analyses were performed on each of the multi-item scales used in the study. Second, a one way analysis of variance was used to assess differences between people who retired between the two survey administrations and those people who did not retire on each of the predictor variables.

A hierarchical stepwise multiple regression analysis was performed to assess the relationship of the total set of predictor variables to the retirement status

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of each subject at the time of the second survey. Previous research has demon-
strated the importance of financial, health and demographic factors on the
decision to retire; therefore these variables were entered first into each of
the regression analyses. It also seems appropriate to enter financial and
health variables first since financial need might force the employee to continue
working and poor health might necessitate early retirement regardless of what
the worker would like to do. The regression analyses; then, were designed to
test the importance of work related variables on the retirement decision while
statistically removing the influence of financial, health and demographic factors.

Results

Internal consistencies of those scales with multiple items all exceeded .70
with the exception of the Dealing with Others measure which had an internal con-
sistency of only .30. The means of each predictor variable for the retirees and
non-retirees and F-values for the test of significance of the difference between
means are reported in Table 1. Because of missing data, these analyses were
based on less than the total sample size of 379. Retirees more often described

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Insert Table 1 about here

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their jobs as offering less in terms of the Job Diagnostic Survey variable and
less opportunity to Deal with Others than non-retirees. They also felt less
involved in their job and retirees expressed less desire to continue working at
a job they enjoyed than did non-retirees.

In regard to demographic variables, retirees were more likely to come from
small communities, have less education, to be female and to be non-white than
non-retirees. The only significant difference among the health variables was the

greater number of reported illnesses in the retirees group. Among the significant financial differences, retirees had lower salaries and fewer dependents than non-retirees. Retirees more often reported that their retirement income would be adequate regardless of whether they retired early or at the standard time. They also attributed less importance to the lack of adequate retirement income on their decision to continue working until retirement is required.

The results of a stepwise multiple regression analysis on retirement status with financial, health, demographic and job-attitudes variables are presented in Table 2. The analysis was based on a sample of 192 because of missing data and

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Insert Table 2 about here

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the use of listwise deletion. Of these 192, 21% or 41 had retired between the two surveys. Intercorrelations among the different sets of variables was generally low (< .30).

The multiple correlation of the dependent variable and the entire set of predictors was .50. The regression analysis indicated, however, that job-attitude variables did not add significantly (F (6, 167) = 1.40, p > .05) to the prediction of retirement decisions beyond the prediction afforded by financial variables, health, and demographic variables though they added more in terms of variance accounted for than health or demographic items.

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Conclusions and Implications

In conclusion, the results of this study provided longitudinal support of previous research findings that demonstrated that financial variables are most important in the retirement decision of employees. Perceptions of the adequacy of one's retirement income and the number of dependents one has as well as one's actual income are significantly related to the decision to retire. Surprisingly, however, those individuals with lower retirement incomes are more likely to retire. One possible explanation is that these are people who hold lower level, less stimulating jobs. Consistent with this explanation is the finding by Pollman and Johnson (1979) that the frequency of job changes, which are more often found in assembly line and other mechanically paced jobs, were related to the decision to retire early.

Demographically, women, people with relatively lower levels of education, and individuals living in smaller communities are more likely to retire early.

Of the health variables, persons who retired reported significantly more illnesses in the past year than did those people who continued to work. On the whole, however, the health variables played a minimal role which is not consistent with the Barfield and Morgan research (1970).

Job attitudes did not add significantly to the prediction beyond the prediction afforded by financial, health, and demographic variables. Several univariate relationships which were significant suggested that those who retired early viewed their jobs as less involving and challenging though retirees and nonretirees were equally satisfied with their jobs as indexed by the Minnesota Satisfaction Questionnaire. It seems appropriate to conclude, then, that financial incentives or disincentives would be relatively effective in influencing retirement decisions.

The generalizability of the results of the study may be limited to Civil
Service workers in Michigan.   The results are, however, similar to those of the
Barfield and Morgan (1969) study of the retirement decisions of automobile workers.
They found that health and economic reasons were most important with job attitudes
playing a relatively minor role in retirement decisions.

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Table 1

Sample Size, Means, and Tests of Significance

for Retiree and Non-Retiree Groups

Variables	Retirees		Non-Retirees		
Demographics	Mean	N	Mean	N	F-Value
Size of Community	4.61	137	5.68	222	18.92*
Time in Community	4.45	141	4.38	224	.39
Education	·2.94	134	3.59	217	15.20*
Sex[a]	1.39	138	1.18	218	20.80*
Race[a]	1.96	143	1.99	225	4.53*
Marital Status[a]	.83	145	.85	227	.34
Financial					
Actual Income	5.31	75	6.51	223	29.70*
No. of Dependents	1.65	142	2.05	224	19.62*
Company Retirement Plan	2.88	56	2.91	221	.39
Needed Retirement Income	6.48	60	7.59	217	15.11*
Expected Early Retirement Inc.	4.64	59	5.66	214	9.37*
Adequacy of Early Retirement Inc.[b]	2.56	57	2.13	217	12.72*
Adequacy of Ret. Inc. at 65[b]	2.81	58	2.58	220	6.59*
Importance of Adequate Income[c]	2.60	53	3.24	216	19.19*
Employed Spouse[a]	.74	145	.67	227	2.12

Table 2

Results of Stepwise Regression Analysis of Financial,

Health, Demographic and Job Attitude Variables

on Retirement Status[a]

Variables Entered	r^b	Standardized Regression Weight	R	Overall F
Step 1. Financial				
Actual Income	-.238	-.211		
No. of Dependents	-.102	-.047		
Company Retirement Plan	-.008	-.002		
Needed Retirement Income	-.214	.028		
Expected Early Retirement Inc.	-.178	-.141	.44	4.88*
Adequacy of Early Retirement Inc.	.248	.174		
Adequacy of Ret. Inc. at 65	.208	.045		
Importance of Adequate Inc.	-.300	-.241		
Employed Spouse	-.065	.001		
Step 2. Health				
General Health	.065	-.085		
Doctor Visits	.055	.056	.45	3.69*
Illnesses	.067	.055		
Step 3. Demographics				
Size of Community	-.150	-.082		
Time in Community	.083	.052		
Education	-.118	.037		
Sex	.092	-.025	.46	2.58*
Race	-.040	-.025		
Marital Status	.007	.036		

Table 2 continued

Variables Entered	r^b	β^b	R	Overall F
Step 4. Job Attitudes				
Dealing with Others	-.025	.088		
Feedback from Others	.022	.037	.50	2.31*
Job Diagnostic Survey Variables	-.126	-.062		
Job Satisfaction	-.062	.003		
Job Involvement	-.065	.062		
Desire to Work	-.184	-.181		

[a]Because of missing data and the use of listwise deletion, the multiple

regression analysis was based on a sample of 193.

[b]Retirees were scored 2, non-retirees 1.

*$\underline{P} < .01$.

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